

Supply chain finance

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Supply chain finance is a relatively new facility for many Australian businesses – in the past it was only available to multi-million dollar businesses – but there are now financiers emerging who are offering variations of these facilities to businesses of all sizes. So what is supply chain finance, and how can it benefit a business?

Supply chain finance is a facility where a financier pays suppliers on a client's behalf, either when invoices are due, or early, allowing the client to pay the financier at a later date. The effect is a reduction in the amount of working capital required to run their (client) business. The size of reduction in working capital varies with each business's circumstances, however figures of circa 50% are attainable. What does this mean? It means that a business can access their own funds that have been locked away as working capital and re-invest it into their business (thus allowing the business to capitalise on growth opportunities).

Supply chain finance is useful for businesses that would like to provide payment options to their suppliers so that their supply chain becomes robust, leading to greater reliability and certainty of supply. It is beneficial for businesses that would like extended terms with their suppliers but in doing so do not want to upset them. Businesses can utilise the facility to broker better supplier rates or deals when they leverage supply chain finance to pay suppliers early. Supply chain finance can also simplify the accounts payables process for a business by allowing a financier to pay multiple suppliers when payments are due and then settling those invoices with one payment to the financier at a later date.

When searching for a facility to suit your needs, it is important to remember that there are large variations in the facilities available

on the market, so you need to do a little research to find the solution that best suits your business.

Some important questions that need answering include:

How is this facility secured? Is this particular facility a loan (in other words is it secured, does it sit on your balance sheet impacting your total financing needs) or do the funds sit "off balance sheet" (unsecured and debt free)?

- Can I extend my repayment terms to my financier if a supplier doesn't take early payment?
- Can I use this facility for suppliers on COD terms?
- Do I receive a rebate if a supplier takes early payment, and if so, how much?
- Does the facility allow financing to occur on an invoice-by-invoice basis, or is it an "all or nothing" approach?
- Do my suppliers have the flexibility to elect which invoices they want paid early and the timing for early payments?
- Are there any hidden fees and charges?
- Does this facility require lock-in contracts, or is it a "use as needed" facility?

When you understand what you want to achieve and find the right solution for your business, both you and your suppliers will benefit from the right Supply Chain Finance solution.

For more information contact Zsolt directly on 0432 866 132 or email zsolt.bircsak@ffocapital.com



Zsolt Bircsak is Director of Fifo Capital Newcastle. He specialises in working capital solutions for business with finance facilities including invoice finance, trade finance and supply chain finance. He is a successful entrepreneur who invests and partners with local businesses to promote growth. An avid supporter of the Newcastle Jets, Zsolt enjoys playing and coaching football, spending time with his family, learning karate and enjoying the lake and beach lifestyle that our region has to offer.

Extend Credit Terms, Increase Profits and Strengthen Your Supply Chain

Supply Chain Finance is a new and innovative way to manage business cash flows. We connect you and your suppliers so you can collaborate, optimising cash flows for your suppliers and profit for your business, all in real time. Improve your bottom line and strengthen your supply chain at **zero cost to your business.**

For an obligation free consultation on how our Supply Chain Finance solution could benefit your business, contact Zsolt or Kris today.

What's in it for you?

- Increase gross margin and EBITDA
- Extend supplier credit terms
- Preserve working capital
- No borrowing and no security required
- Choose the suppliers you wish to offer early payment to

What's in it for your suppliers?

- Improved cash flow
- Access to early payment on demand
- Eliminate paperwork and contracts
- Non-recourse, non-debt cash payments
- Offer customer terms without trading off invoice payment

Generate up to 9.75% ROI against an off-balance sheet 'credit fund'*



* Terms and conditions apply



Call Zsolt | 0432 866 132
Call Kris | 0419 342 637

Supply Chain Finance | Invoice Finance
 Australia's fastest growing market-place for capital